

Message Text

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ACTION L-03

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FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC 1740

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E.O. 11652: N/A
TAGS: PFOR, PGOV, CS
SUBJECT: OUTSTANDING INDICTMENTS AGAINST VESCO

REF: SAN JOSE 4547 DTD DEC. 2, 1974
STATE 266692 DTD DEC. 5, 1974

1. FOR PURPOSES HAVING ON HAND MOST ACCURATE AND UPDATED INFORMATION ON OUTSTANDING INDICTMENTS AGAINST VESCO-- ESPECIALLY IN LIGHT OF VESCO'S RECENT CHARGES--EMBASSY WOULD APPRECIATE REVIEW BY DEPARTMENT AND DEPARTMENT OF JUSTICE OF OUR UNDERSTANDING OF CURRENT STATE OF PLAY IN US COURTS. DEPARTMENT WILL RECALL THAT EMBASSY REQUESTED SIMILAR UPDATE IN DECEMBER 1974 (REFTELS).

2. EMBASSY'S LAST INFORMATION IS THAT AS OF DECEMBER 1974 THERE WERE THREE OUTSTANDING CRIMINAL INDICTMENTS AGAINST VESCO- 73 CR 518 (\$250,000 DEFRAUD OF ICC THROUGH LOAN REPAYMENT TO BAHAMAS NATIONAL BANK); 73 CR 707 (\$50,000 FRAUD THROUGH PURCHASE OF IOS PREFERRED STOCK FROM HENRY BUHL); AND 73 CR 439 (THE MITCHELL, SEARS, STANS, VESCO CASE OF CONSPIRACY AND 16 COUNTS OF OBSTRUCTION OF JUSTICE).

3. FOR INTERNAL USE AND TO BE ABLE TO RESPOND TO INQUIRIES, EMBASSY HAS PREPARED FOLLOWING SUMMARIES AND RESUMES OF THESE CASES, AND INVITES DEPARTMENT'S LIMITED OFFICIAL USE

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AND JUSTICE'S COMMENTS AS TO ACCURACY:

(A) 73 CR 518: USA VS ROBERT L. VESCO.

SUMMARY: VESCO CHARGED WITH DEFRAUDING INTERNATIONAL CONTROLS CORPORATION (ICC) AND SHAREHOLDERS THEREOF OF \$250,000 THROUGH REPAYMENT OF LOAN BY ICC TO BAHAMAS NATIONAL BANK. PROCEEDS OF THIS LOAN WERE ALLEGEDLY USED FOR VESCO'S PRIVATE BENEFIT. RESUME: IT IS CHARGED THAT BETWEEN MARCH 1972 AND JANUARY 1973, DEFENDENT ENGAGED IN ACTIONS TO OBTAIN MONEY AND PROPERTY FROM ICC AND SHAREHOLDERS THEREOF BY MEANS OF FALSE AND FRAUDULENT PRETENSES, REPRESENTATIONS, AND PROMISES, AND TO USE WIRE COMMUNICATIONS THEREIN (A TELEGRAM WITH INSTRUCTIONS TO DELIVER \$250,000 TO DEFENDENT'S AGENT). FRAUD INVOLVES REPAYMENT OF A LOAN FOR \$250,000, PROCEEDS OF WHICH WERE USED FOR DEFENDENT'S PERSONAL BENEFIT, TO BAHAMAS NATIONAL BANK BY ICC. DEFENDENT ALSO CHARGED WITH CAUSING CERTAIN OFFICER AND EMPLOYEES OF ICC TO MAKE FALSE ENTRIES IN BOOKS AND RECORDS OF ICC. STATUTE: TITLE 18, US CODE, SECTIONS 1343 AND 2.

(B) 73 CR 707: USA VS ROBERT L. VESCO.

SUMMARY: VESCO CHARGED WITH DEFRAUDING ICC OF \$50,000 THROUGH FRAUDULENT PURCHASE BY ICC OF \$50,000 WORTH OF IOS PREFERRED STOCK FROM HENRY BUHL. RESUME: THAT FROM DECEMBER 1971 TO DATE OF INDICTMENT (SEPTEMBER 28, 1973) IN NEW YORK AND ELSEWHERE, DEFENDENT DEVISED A SCHEME TO DEFRAUD ICC AND STOCK-HOLDERS BY MEANS OF FALSE AND FRAUDULENT PRETENSES, REPRESENTATION, AND PROMISES, AND TO USE WIRE COMMUNICATIONS THEREIN (A TELEGRAM WITH INSTRUCTIONS TO PAY \$50,000 TO HENRY BUHL). DEFENDENT, AS CHAIRMAN OF BOARD AND CHIEF EXECUTIVE OFFICER OF ICC, PURCHASED FOR HIMSELF AND OTHERS PREFERRED IOS LTD. STOCK FROM HENRY BUHL USING ICC MONIES. DEFENDENT CHARGED WITH "FALSELY REPRESENTING TO DIRECTORS, OFFICERS, AND EMPLOYEES OF ICC THAT SAID PAYMENT (\$50,000) WAS A LEGITIMATE EXPENSE OF ICC AND CONCEALING THE FACT THAT LIMITED OFFICIAL USE

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THE \$50,000 PAYMENT WAS ACTUALLY PARTIAL PAYMENT FOR STOCK PURCHASE." IT IS ALSO CHARGED THAT DEFENDENT "DID WRONGFULLY EMBEZZLE, MISAPPLY, AND CONVERT SAID \$50,000 FOR HIS OWN USE AS PARTIAL PAYMENT FOR STOCK PURCHASE..." DEFENDENT'S REPRESENTATIONS TO ICC OFFICIALS CAUSED THEM TO MAKE AND APPROVE FALSE AND FRAUDULENT ENTRIES IN ICC BOOKS. STATUTE: TITLE 18, US CODE SECTIONS 1343 AND 2.

(C) 73 CR 439: USA VS MITCHELL, SEARS, STANS, VESCO.

SUMMARY: VESCO WAS CHARGED, WITH MITCHELL, SEARS, AND STANS, OF VARIOUS ACTS TO OBSTRUCT US JUSTICE: CONSPIRACY, 16 COUNTS OF OVERT ACTS. (MITCHELL, SEARS, AND STANS WERE ACQUITTED.)

4. EMBASSY WOULD ALSO APPRECIATE SUMMARY OF \$224 MILLION SEC CIVIL SUIT FOR PURPOSES MENTIONED IN PARA 1 ABOVE.
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